

PARAGON PROPERTIES LIMITED

Our File No.

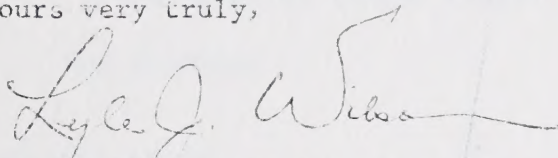
October 29, 1971

Globe and Mail
140 - King Street West
Toronto 110, Ontario

Gentlemen:

We enclose herewith two (2) copies of the interim financial highlights of Paragon Properties Limited operations for the nine month period ended August 31, 1971. Comparative figures are provided for the same period in the previous year.

Yours very truly,



Lyle J. Wilson, C. A.
Secretary-Treasurer

LJS:md
encl.



PARAGON PROPERTIES LIMITED

Our File No.

October 26th, 1971

UNAUDITED INTERIM FINANCIAL HIGHLIGHTS

AS AT AUGUST 31st, 1971

(Subject to year end audit and adjustments)

STATEMENT OF EARNINGS:

for the nine months ended August 31

	000's <u>1971</u>	000's <u>1970</u>
GROSS REVENUES	\$ 5,013	\$ 3,626
OPERATING INCOME (before provision for depreciation and deferred income taxes)	311	407
NET EARNINGS	<u>121</u>	<u>195</u>

BALANCE SHEET

as at August 31

	000's <u>1971</u>	000's <u>1970</u>
TOTAL ASSETS	\$22,145	\$18,121
TOTAL LIABILITIES	20,474	16,542
SHAREHOLDERS' EQUITY	<u>1,671</u>	<u>1,579</u>

EARNINGS PER SHARE:

for the nine months ended August 31

	1971	1970
Before Depreciation and Income Taxes	33¢	43¢
Net Earnings	<u>13¢</u>	<u>21¢</u>



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October 26th, 1971

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(Subject to year end audit and adjustments)

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CONSOLIDATED STATEMENT OF SOURCE AND USE
OF FUNDS (UNAUDITED) FOR THE SIX MONTHS

ENDED MAY 31, 1971

(With Comparative Figures for the Six Months Ended May 31, 1970)

SOURCE OF FUNDS	000's 1971	000's 1970
Earnings for the Period	\$ 165	\$ 248
Add: Charges not Requiring Cash Outlay		
Depreciation	71	26
Deferred Income Taxes	161	233
	397	507
Net Increase in Mortgage Debt	1,958	330
Reduction in Cash and Term Deposits	31	901
Additional Bank and Demand Loans	321	638
Reduction in Accounts Receivable	-	160
Reduction in Prepaid Expenses	-	114
Net Reduction of Mortgage and Agreement Receivable	70	-
Reduction of Fixed Assets	10	-
	<u>\$2,787</u>	<u>\$2,650</u>

USES OF FUNDS

Net Increase in Mortgages Receivable	\$ -	\$ 132
Funds Advanced to Joint Venturer	23	94
Acquisition and Development of Properties ..	1,492	2,180
Decrease in Accounts Payable	396	55
Redemption of Debentures	10	94
Dividends Paid	142	95
Increase in Accounts Receivable	724	-
	<u>\$2,787</u>	<u>\$2,650</u>



PARAGON PROPERTIES LIMITED

Cops report

Interim Report to Shareholders

For Six Months Ended

May 31, 1971

PARAGON PROPERTIES LIMITED

UNAUDITED INTERIM STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED MAY 31, 1971

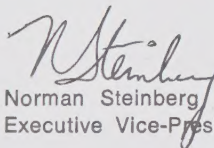
INTERIM REPORT TO SHAREHOLDERS

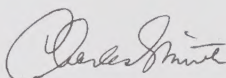
During the period covered by this report, a substantial surplus of residential accommodation developed in Calgary as completions of new units exceeded effective demand. The resulting unsatisfactory level of vacancies is reflected in Paragon's rental experience. It is expected that this condition, with lessening severity, will persist over the next several months.

In adjusting to this situation, emphasis is being given to our program of diversification, and activities are being directed to other areas offering better profit expectations for the near term.

Our overall level of activity continues higher than a year ago and investment demand for completed and occupied buildings remains strong.

On behalf of the Board of Directors


Norman Steinberg
Executive Vice-President


Charles G. Smith
President

Calgary, Alberta
July 23rd, 1971

	YEAR ENDED NOV. 30/70	SIX MONTHS ENDED MAY 31/71	MAY 31/70
Earnings per share before depreciation and deferred income taxes	71¢	42¢	50¢
Earnings per share	32¢	18¢	26¢
Total Assets (000's)	\$19,437	\$21,494	\$14,929
Total Liabilities (000's)	17,745	19,779	13,298
Total Shareholders' Equity (000's)	1,692	1,715	1,631

CONSOLIDATED STATEMENT OF EARNINGS AND RETAINED EARNINGS (UNAUDITED) FOR THE SIX MONTHS ENDED MAY 31, 1971

(With Comparative Figures for the Six Months
Ended May 31, 1970)

	000's 1971	000's 1970
Revenues		
Sale of Properties	\$3,854	\$3,256
Gross Rental Income	307	123
Supervision and Management Fees ..	385	31
Other	7	32
	<u>\$4,553</u>	<u>\$3,442</u>
Operating Expenses		
Cost of Properties Sold	\$3,406	\$2,622
Administrative and General	239	211
Rental Property Expenses	511	102
Total Operating Expenses	<u>4,156</u>	<u>2,935</u>
Operating Income	397	507
Provision for Depreciation	71	26
Net Income before Taxes	326	481
Provision for Deferred Income Taxes	161	233
Earnings for the period	<u>165</u>	<u>248</u>
Retained Earnings - Beginning of Period	722	508
	887	756
Dividends Paid	142	95
Retained Earnings - End of Period	<u>\$ 745</u>	<u>\$ 661</u>

NOTES TO THE FINANCIAL STATEMENTS

1. CHANGES IN ACCOUNTING POLICIES

Based upon recent research and recommendations of various property development and accounting institutes, the Company has changed its accounting policies with regard to initial leasing costs and the definition of the timing of completion of projects in progress to those which management feels more closely express current generally accepted accounting practices in the industry.

As a result, the Statement of Earnings for the six months ended May 31, 1971 reflects net earnings for the period of \$28,000 more than the amount which would have resulted under the accounting policies applied in the preceding year.

2. GUARANTEES

The Company has guaranteed a minimum return to the purchaser on certain revenue-producing properties which resulted in a net cash loss of \$29,000 for the period.

Under the above guarantee, a deficiency of approximately \$44,000 was incurred last year and treated as a recoverable cost on the year end balance sheet. Doubts have now arisen as to its immediate recoverability, and if not recovered during this fiscal year, the appropriate provision will be made in the year end accounts.

Under the terms of the guarantee, it is the opinion of management that these deficiencies may be recovered from future operations.